

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39-E), for Approval of 2006 – 2008 Demand Response Programs and Budgets.	Application 05-06-006 (Filed June 1, 2005)
Southern California Edison Company's (U 338-E) Application for Approval of Demand Response Programs for 2006-2008 and Cost Recovery Mechanism.	Application 05-06-008 (Filed June 1, 2005)
Application of San Diego Gas & Electric Company (U 902-E) for Approval of Demand Response Programs and Budgets for Years 2006 through 2008.	Application 05-06-017 (Filed June 2, 2005)

**ADMINISTRATIVE LAW JUDGE'S RULING
REQUIRING SERVICE OF SUPPLEMENTAL TESTIMONY,
SETTING PRELIMINARY SCHEDULE AND OTHER
PROCEDURAL MATTERS**

On June 1, 2005 Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) filed applications seeking approval of program plans and associated budgets for their 2006 through 2008 demand response program plans. On June 2, 2005, San Diego Gas & Electric Company (SDG&E) filed its application. By this ruling I consolidate the above-captioned applications.¹

¹ I refer to PG&E, SCE, and SDG&E collectively as "the utilities" throughout this ruling.

No protests were filed in response to the applications. On July 11, 2005, sent an email to the parties on the service lists of Rulemaking 02-06-001, Application (A.) 05-01-016 et al., A.05-03-015, and A.05-03-016 requesting that any person seeking to be placed on the service list of A.05-06-006, A.05-06-008, and A.05-06-017 notify me of that interest and their planned level of participation. Following that notification, I established a service list for these consolidated proceedings which is now available on the Commission's website.

1. Scope of Proceeding

Decision (D.) 05-01-056 required the utilities to file applications setting forth their proposed 2006-2008 demand response program plans. In order to effectively evaluate the proposed programs and associated budgets, I have concluded that we need additional testimony by the utilities.

In particular, the applications currently provide no framework by which to evaluate the proposed programs. There is no effort to establish whether the programs cost-effectively meet the Commission's demand response objectives or not. I recognize that the utilities are working hard to develop programs to be responsive to the demand response objectives that the Commission has established, but at the same time, the Commission needs to fully understand the cost implications of the objectives it has established. The applications do not currently provide that framework.

I recognize that there is no currently adopted cost-effectiveness methodology for evaluating demand response programs, as there is for energy efficiency investments. This problem was highlighted in the *Second Report of Working Group 2 on Dynamic Tariff and Program Proposals: Implementation Issues* filed December 16, 2002, beginning on page 55. D.03-06-032 reviewed the projected cost-effectiveness of the programs that were approved that year, and

also highlighted some of the issues associated with relying on the Standard Practice Manual Tests. However, no movement has occurred since that time to formalize an approach to calculating cost-effectiveness for demand response programs. In addition, there is no accepted methodology for translating enrolled or expected participation into actual load reduction performance.

However, it is my opinion that before the Commission decides whether to approve the proposed three year investment in demand response programs it must again confront these issues and at least begin to better understand the relative cost-effectiveness of its demand response policies as compared to other resource options. Therefore, I am requiring that the utilities serve supplemental testimony whose purpose is to establish the cost-effectiveness of its demand response programs and overall demand response portfolio using the Standard Practice Manual Tests as the starting point.

The utilities should file testimony that provides cost effectiveness results for their 2003, 2004, and to the extent possible, 2005 programs, and forecasts cost-effectiveness of the 2006-2008 programs taking reasonable account of uncertainty with respect to key cost-effectiveness input parameters. I would also like to see the supplemental testimony address the balance between programs that address short-term and long-term demand response behavior and whether the plans provide for adequate statewide coordination of similar program offerings, e.g., with respect to outreach, marketing, and other activities that can take advantage of statewide leverage. The supplemental testimony should be served on August 26, 2005.

2. Schedule

At this time I will establish the following preliminary schedule for these proceedings:

Event	Date
Supplemental Utility Testimony Served	August 26, 2005
Testimony by Non-Utility Parties Served	September 23, 2005
Rebuttal Testimony Served	October 5, 2005
Evidentiary Hearings (if needed)	October 17-20, 2005
Opening Brief/Request for Final Oral Argument	November 8, 2005
Reply Brief	November 17, 2005
Proposed Decision	February 2006
Commission Decision	March 2006

3. Filing and Service of Documents

All formally filed documents must be filed in hard copy with the Commission's Docket Office. Testimony is not filed at the Docket Office, but rather is served upon the service list. Testimony enters the formal record through the evidentiary hearing process when the ALJ entering the testimony into evidence. Parties, especially those new to our process, should review the Commission's Rules of Practice and Procedure to familiarize themselves with the Commission's requirements with respect to filing requirements. A copy of the Commission's Rules of Practice and Procedure are available online at http://www.cpuc.ca.gov/PUBLISHED/RULES_PRAC_PROC/46095.htm.

In order to ensure timely delivery of documents and conserve resources, we will follow the electronic service protocols adopted by the Commission in Rule 2.3.1 of the Commission's Rules of Practice and Procedure. This Rule requires service of documents to be performed electronically, in a searchable format, unless the appearance or state service list member did not provide an email address. If no email address was provided, service should be made by United States mail. Parties should provide concurrent e-mail service to ALL persons on the service list, including those listed under "Information Only." Any document that is filed MUST also be served electronically.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.05-06-006 et al.- Demand Response Plans. In addition, the party sending the e-mail should briefly describe the attached communication, for example, Brief.

4. Intervenor Compensation

No prehearing conference has been held in these proceedings. By this ruling, I notify interested parties that pursuant to § 1804(a)(1), a customer who intends to seek an award of compensation should file and serve a notice of intent to claim compensation not later than September 6, 2005. A separate ruling will address eligibility to claim compensation.

IT IS RULED that:

1. Application (A.) 05-06-006, A.05-06-008, and A.05-06-017 are consolidated.
2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall file supplemental testimony as described herein on August 26, 2005.
3. The schedule of this proceeding is as set forth in Section 2 in this ruling.

4. Parties should serve all filings as set forth in Section 3 in this ruling.
5. A customer who intends to seek an award of compensation shall file and serve a notice of intent to claim compensation not later than September 6, 2005.

Dated July 27, 2005, at San Francisco, California.

/s/ MICHELLE COOKE

Michelle Cooke
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original the attached Administrative Ruling Requiring Service of Supplemental Testimony, Setting Preliminary Schedule and Other Procedural Matters on all parties of record in this proceeding or their attorneys of record.

Dated July 27, 2005 at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda Pulmano

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.